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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re:

QUEEN OF HEARTS CRUISES, INC.

Chapter 11
Case No. 14-11219 (MG)

Debtor.

-----X
In re:

A&S CRUISELINES, INC.

Chapter 11
Case No. 14-11279

Debtor.

-----X

**DECLARATION OF STEVEN SALSBERG PURSUANT TO LOCAL
BANKRUPTCY RULE 1007-2**

STEVEN SALSBERG, being duly sworn, deposes and says:

1. I am the President and 100% shareholder of Queen of Hearts Cruises, Inc. and A&S Cruiselines, Inc. ("Debtor"). I submit this Affidavit pursuant to Rule 1007-2 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York.

BACKGROUND

2. The Debtors are engaged in the business of owning and operating a passenger cruise vessel registered as *First Lady*, but known as the *Queens of Hearts*, United States Coast Guard Official Number: 658104, Length: 90', Flag: USA (the "Queen").

3. The Debtors have been operating a local New York Harbor sightseeing and special event business aboard the Queen since 1995. The events serve diverse groups of New Yorkers from schools and “Kiddie Cruises with Parents” to after work events.

4. The Debtors have experienced a downturn in income as a result of a number of primary overlapping issues as follows: The delayed start of two Seasons in 2011 and 2012 due to maintenance issues which were resolved; the events of Hurricane Sandy in 2012 canceled the majority of Fall and Winter business, costing over \$150,000 in income losses and clientele which were never recovered or returned; a delayed start to the 2013 Season due to servicing vessel and cash flow; the loss of dockage at a Public Pier in NYC where the Queen was berthed for ten years. The loss of the local dockage rights from the Hudson River Trust caused the Debtor to pay for overnight dockage in Brooklyn and pick up and drop off dockage in the City for its events, resulting in over \$100,000 in additional costs.

5. The primary reason the Debtors are seeking the protections of Chapter 11 is to protect their most valuable asset, the Queen, while seeking financing alternatives to allow the necessary repairs and upgrades to the Queen so that it passes the U.S. Coast Guard certifications and is the necessary condition to start booking events for the upcoming 2014 Season.

6. The Debtors intend to utilize the Chapter 11 process to restructure its secured and unsecured debt. The Debtors are confident that proceeding in Chapter 11 is in the best interest of the Debtors, their estate and their creditors as a whole.

7. The needs and interests of the Debtors’ creditors will best be served by the continued possession of their property and management of their affairs as a debtor-in-possession under Chapter 11 until a restructuring plan can be formulated and presented to creditors.

PART II

INFORMATION REQUIRED BY LOCAL BANKRUPTCY RULE 1007

8. In addition to the foregoing, Local Bankruptcy Rule 1007-2 requires certain information related to the Debtor, which is set forth below.

Local Rule 1007-2(a)(1)

9. The Debtors' offices are located at 1632 York Avenue, New York, NY ("Office"). The Debtors are engaged in the business of owning and operating a passenger cruise vessel known as *The Queen*, which is currently located in Brooklyn, New York.

Local Rule 1007-2(a)(2)

10. This case was not originally commenced under Chapter 7 or 13 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.*

Local Rule 1007-2(a)(3)

11. Upon information and belief, no committee was organized prior to the order for relief in this Chapter 11 case.

Local Rule 1007-2(a)(4)

12. A list of the names and addresses of the Debtors' 20 largest unsecured claims, excluding those who would not be entitled to vote at a creditors' meeting and creditors who are "insiders" as that term is defined in 11 U.S.C. Section 101(31) is annexed hereto as **Schedule I**.

Local Rule 1007-2(a)(5)

13. The Debtors have three secured creditors: (i) New York Business Development Corp. in the amount of approximately \$1,050,000; (ii) Small Business Administration in the amount of approximately \$400,000; and (iii) Afloat NYC Inc. in the amount of approximately

\$350,000.

Local Rule 1007-2(a)(6)

14. A summary of the Debtors' assets and liabilities will be filed with the Debtors' Schedules of Assets and Liabilities and Statement of Financial Affairs within fourteen (14) days of the Filing Date.

Local Rule 1007-2(a)(7)

15. There are no publicly held securities of the Debtors.

Local Rule 1007-2(a)(8)

16. None of the Debtors' property is in the possession of any custodian, public officer, mortgagee, pledge, assignee of rents, or secured creditor, or any agent for such entity.

Local Rule 1007-2(a)(9)

17. The Debtors are party to several leases relating to its office space and dock sites. A schedule of leases will be provided with the Debtors' Schedules of Assets and Liabilities within fourteen (14) days of the Filing Date.

Local Rule 1007-2(a)(10)

18. The Debtors' books and records are located at 306 E 78th Street #1B New York, NY 10075. The Queen is currently docked at a Pier at 190 Morgan Avenue, Brooklyn, New York 11237.

Local Rule 1007-2(a)(11)

19. There are no known pending litigations involving the Debtors.

Local Rule 1007-2(a)(12)

20. The Debtors are currently managed by Deponent who has done so since 1995, is

responsible for all of the Debtors' operations.

Local Rule 1007-2(b)(1) and (2)

21. The Debtors' estimated weekly payroll and payments to officers, stockholders, and directors for the thirty (30) day period following the Chapter 11 petition is \$ -0- .

22. The Debtors' estimated payroll to employees for the thirty (30) day period following the Chapter 11 petition is \$-0-.

Local Rule 1007-2(b)(3)

23. A schedule, for the 30 day period following the filing of the chapter 11 petition, of estimated cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid, other than professional fees is annexed as **Schedule II**.

CONCLUSION

Pursuant to 28 U.S.C. § 1746, I declare under the penalty of perjury that the foregoing is true and correct.

/s/ Steven Salsberg
Steven Salsberg, President

SCHEDULE I

TWENTY LARGEST UNSECURED CREDITORS

See Attached

B4 (Official Form 4) (12/07)

United States Bankruptcy Court
Southern District of New York

In re Queen of Hearts Cruises Inc.

Debtor(s)

Case No. 14-11219

Chapter 11

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

(1) <i>Name of creditor and complete mailing address including zip code</i>	(2) <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	(3) <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	(4) <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	(5) <i>Amount of claim [if secured, also state value of security]</i>
Internal Revenue Service PO Box 7346 Philadelphia, PA 19101-7346	Internal Revenue Service PO Box 7346 Philadelphia, PA 19101-7346			41,084.00
FINO 1 WALL STREET CT New York, NY 10005	FINO 1 WALL STREET CT New York, NY 10005			35,860.00
BMI P.O. Box 630893 Cincinnati, OH 45263-0893	BMI P.O. Box 630893 Cincinnati, OH 45263-0893			30,105.82
YANK MARINE INC. 7 MOSQUITO LANDING ROAD P.O.BOX 569 Tuckahoe, NJ 08250	YANK MARINE INC. 7 MOSQUITO LANDING ROAD P.O.BOX 569 Tuckahoe, NJ 08250			22,961.55
NYS Dept of Labor UI Division Employer Adjustment Section WA A Harriman State Campus Albany, NY 12240-0415	NYS Dept of Labor UI Division Employer Adjustment Section WA A Harriman State Campus Albany, NY 12240-0415			20,847.89
Kenny, Stearns & Zonghetti LLC 26 Broadway New York, NY 10004	Kenny, Stearns & Zonghetti LLC 26 Broadway New York, NY 10004			18,569.50
NYS Unemployment Insurance Fund P.O. Box 551 Albany, NY 12201	NYS Unemployment Insurance Fund P.O. Box 551 Albany, NY 12201			17,276.00
Billy Bey Marina 4500 Ave at Port Imperial Weehawken, NJ 07086	Billy Bey Marina 4500 Ave at Port Imperial Weehawken, NJ 07086			10,950.03
NYS Sales Tax Processing JAF Building P.O. Box 1208 New York, NY 10116-1208	NYS Sales Tax Processing JAF Building P.O. Box 1208 New York, NY 10116-1208			6,375.00
STONEWALL SOLUTIONS LLC TWO STONEWALL CIRCLE West Harrison, NY 10604	STONEWALL SOLUTIONS LLC TWO STONEWALL CIRCLE West Harrison, NY 10604			6,000.00

B4 (Official Form 4) (12/07) - Cont.

In re Queen of Hearts Cruises Inc.

Case No. 14-11219

Debtor(s)

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS
(Continuation Sheet)

(1) <i>Name of creditor and complete mailing address including zip code</i>	(2) <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	(3) <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	(4) <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	(5) <i>Amount of claim [if secured, also state value of security]</i>
HOUSE OF SALSBERG, INC. 60 HILLCREST ROAD Boonton, NJ 07005	HOUSE OF SALSBERG, INC. 60 HILLCREST ROAD Boonton, NJ 07005			5,668.00
NYS Dept. of Taxation & Finance 15 Metro Tech Center, 5th Fl. Brooklyn, NY 11201	NYS Dept. of Taxation & Finance 15 Metro Tech Center, 5th Fl. Brooklyn, NY 11201			4,688.00
Moretti Designs, LLC 500 Washington Blvd. Jersey City, NJ 07310	Moretti Designs, LLC 500 Washington Blvd. Jersey City, NJ 07310			4,500.00
Allboro Transportation	Allboro Transportation			4,100.00
Jill B. Holtzman 156-12 80th Street Howard Beach, NY 11414	Jill B. Holtzman 156-12 80th Street Howard Beach, NY 11414			3,000.00
C & R Party Staffing 521 Beach 140th Street Rockaway Park, NY 11694	C & R Party Staffing 521 Beach 140th Street Rockaway Park, NY 11694			2,715.00
Tri-State Biodiesel 531 Barretto Street Bronx, NY 10474	Tri-State Biodiesel 531 Barretto Street Bronx, NY 10474			2,644.80
Department of Treasury Internal Revenue Service Cincinnati, OH 45999-0005	Department of Treasury Internal Revenue Service Cincinnati, OH 45999-0005			2,618.43
AVCO P.O. Box 360572 Pittsburgh, PA 15250-6572	AVCO P.O. Box 360572 Pittsburgh, PA 15250-6572			2,556.28
Joshua E. Abraham 380 Madison Avenue, 22nd Floor New York, NY 10017	Joshua E. Abraham 380 Madison Avenue, 22nd Floor New York, NY 10017			2,551.25

**DECLARATION UNDER PENALTY OF PERJURY
ON BEHALF OF A CORPORATION OR PARTNERSHIP**

I, the President of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing list and that it is true and correct to the best of my information and belief.

Date April 28, 2014

Signature /s/ Steven Salsberg
Steven Salsberg
President

Penalty for making a false statement or concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both.
18 U.S.C. §§ 152 and 3571.

B4 (Official Form 4) (12/07)

United States Bankruptcy Court
Southern District of New York

In re A & S Cruiselines, Inc.

Debtor(s)

Case No. 14-11297

Chapter 11

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

(1)	(2)	(3)	(4)	(5)
<i>Name of creditor and complete mailing address including zip code</i>	<i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Amount of claim [if secured, also state value of security]</i>
-NONE-				

DECLARATION UNDER PENALTY OF PERJURY
ON BEHALF OF A CORPORATION OR PARTNERSHIP

I, the President of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing list and that it is true and correct to the best of my information and belief.

Date May 7, 2014

Signature /s/ Steven Salsberg

Steven Salsberg

President

Penalty for making a false statement or concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both.
18 U.S.C. §§ 152 and 3571.

SCHEDULE II

30 DAY INCOME AND EXPENSE PROJECTION

See Attached

QUEEN OF HEARTS CRUISES INC, INC.

2014 PROJECTIONS

January through December 2011

Ordinary Income/Expense	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	TOTAL
Income													
BOAT REVENUE	-	-	-	-	-	189,546	282,702	214,035	132,976	103,623	18,670	202,310	1,153,882
Total Income	-	-	-	-	-	189,546	282,702	214,035	132,976	103,623	18,670	202,310	1,153,882
Cost of Goods Sold													
BEVERAGE	-	-	-	-	-	-	-	-	-	-	-	-	-
CATERER/FOOD	-	-	-	-	-	-	-	-	-	-	-	-	-
CHARTER FEES	-	-	-	-	-	-	-	-	-	-	-	-	-
DJ/ENTERTAINMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
LAND/SPACE RENTAL	-	-	-	-	-	-	-	-	-	-	-	-	-
LIQUOR	-	-	-	-	-	-	-	-	-	-	-	-	-
FUEL	-	-	-	-	-	-	-	-	-	-	-	-	-
PARTY RENTALS/EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
PARTY SUPPLIES	-	-	-	-	-	-	-	-	-	-	-	-	-
RESTAURANT SUPPLIES	-	-	-	-	-	-	-	-	-	-	-	-	-
LABOR COSTS	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER COST OF GOODS SOLD	-	-	-	-	-	-	-	-	-	-	-	-	-
SHOWN AS 45% OF REVENUE	-	-	-	-	-	89,796	127,216	98,316	59,839	46,630	8,402	91,040	519,238
Total COGS	-	-	-	-	-	89,796	127,216	98,316	59,839	46,630	8,402	91,040	519,238
Gross Profit	-	-	-	-	-	100,750	155,486	117,719	73,137	56,993	10,268	111,271	634,624
Expense													
ADVERTISING	-	-	-	-	-	3,750	1,250	1,500	1,500	1,500	-	2,000	11,500
AUTOMOBILE EXPENSE	-	-	-	-	-	1,200	1,200	500	500	500	500	500	4,900
BANK CHARGES	-	-	-	-	-	125	125	125	125	125	-	125	875
CONSULTANTS	-	-	-	-	-	-	516	-	-	-	-	-	516
DUES & SUBSCRIPTIONS	-	-	-	-	-	-	-	-	-	-	-	-	-
EQUIPMENT RENTAL/LEASING	-	-	-	-	-	1,200	1,200	1,200	1,200	-	-	-	4,800
GIFTS & GRATUITIES	-	-	-	-	-	-	-	-	-	-	-	-	-
INSURANCE - HEALTH	-	-	-	-	-	8,600	8,600	8,600	8,600	8,600	6,600	6,600	46,200
INSURANCE - MARINE	-	-	-	-	-	-	-	-	-	-	-	-	-
INTERNET CHARGES	-	-	-	-	-	235	235	235	235	235	235	235	1,645
LICENSES & PERMITS	-	-	-	-	-	350	350	350	350	350	-	350	9,000
OFFICE EXPENSE	-	-	-	-	-	471	397	742	205	395	649	-	2,450
OFFICE SUPPLIES	-	-	-	-	-	1,000	800	1,070	2,300	395	100	-	2,869
POSTAGE & DELIVERY	-	-	-	-	-	-	400	700	850	-	-	65	5,725
PRINTING AND DUPLICATIONS	-	-	-	-	-	-	-	-	-	-	-	-	2,015
PROFESSIONAL FEES	-	-	-	-	-	1,500	1,500	1,500	1,500	1,500	1,500	1,500	10,500
RENT - DOCKAGE	-	-	-	-	-	5,000	5,000	5,000	5,000	2,500	2,500	2,500	27,500
RENT - OFFICE	-	-	-	-	-	3,650	3,650	3,650	3,650	3,650	3,650	3,650	25,550
REPAIRS & MAINTENANCE	-	-	-	-	-	3,600	3,600	3,600	3,600	3,600	3,600	3,600	25,200
STORAGE	-	-	-	-	-	550	550	550	550	550	550	550	3,850
TAXES	-	-	-	-	-	-	-	-	-	-	-	-	-
TELEPHONE	-	-	-	-	-	500	500	500	500	500	500	500	3,500
TRANSPORTATION	-	-	-	-	-	500	500	500	500	500	200	200	2,900
UTILITIES	-	-	-	-	-	300	300	300	300	300	300	300	2,100
LABOR COSTS - GENERAL AND AD	-	-	-	-	-	8,000	8,000	8,000	8,000	8,000	8,000	8,000	56,000
Total Expense	-	-	-	-	9,000	36,531	36,673	36,622	37,465	30,805	29,359	31,130	249,565
Net Ordinary Income	-	-	-	-	(9,000)	71,220	118,814	81,097	35,672	26,187	(19,090)	80,141	385,039
Other Income/Expense													
Other Income	0	0	-	-	-	-	-	-	-	-	-	-	0
OTHER INCOME	0	0	-	-	-	-	-	-	-	-	-	-	0
Total Other Income	0	0	-	-	-	-	-	-	-	-	-	-	0
Other Expense	-	-	-	-	-	4,900	4,900	4,900	4,900	4,900	4,900	4,900	34,300
NYBOC Interest Payment	-	-	-	-	-	3,600	3,600	3,600	3,600	3,600	3,600	3,600	25,200
DIP Interest Expense	-	-	-	-	-	8,500	8,500	8,500	8,500	8,500	8,500	8,500	59,500
Total Other Expense	-	-	-	-	-	13,400	13,400	13,400	13,400	13,400	13,400	13,400	93,200
Net Other Income	0	0	-	-	-	(8,500)	(8,500)	(8,500)	(8,500)	(8,500)	(8,500)	(8,500)	(59,500)
Net Income	0	0	-	-	(9,000)	62,720	110,314	72,597	27,172	17,687	(27,590)	71,641	325,540